



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, September 19, 2017

**Kiva Forum-City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
DRAFT MINUTES**

PRESENT: David Scholefield, Chairperson
Linda Dillenbeck, Vice Chairperson
Frank Ashmore
Carl Grupp
Camille Hill
Ken McKenzie
David Winter

STAFF: Karen Churchard
Steve Geiogamah
Gary Meyer
Kroy Ekblaw
Jeff Nichols
Erin Walsh
Brent Stockwell
Brian Dygert
Dan Worth
Holli Shannon

GUESTS: Sam Campana, DDOS
Robert McCreary
Bob Brais, ConsultEcon
Rachel Sacco, Experience Scottsdale
Sandy Schenkat
Matthew Louck, Off Road Expo
Mike Fox, Scottsdale Museum of the West
Jim Bruner, Scottsdale Museum of the West
Craig Jackson, Barrett-Jackson Collector Car Auction
Jason Rose, Barrett-Jackson Collector Car Auction

1. Call to Order/Roll Call

Chair Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:04 a.m., and noted the presence of a quorum. He welcomed newly sworn-in Commissioner David Winter. Commissioner Winter represents the Hyatt Regency Scottsdale Resort and Spa at Gainey Ranch. Steve Geiogamah presented a token of appreciation for departing Commissioner Robert McCreary.

2. Approval of Minutes

- August 10, 2017 Joint Work Study Session
- August 15, 2017 Regular Session Minutes

Chair Scholefield called for comments and revisions to the minutes. Commissioner Ashmore referred to the August 10th minutes, noting that he made a comment to Ms. Campana with regard to the impact that the approval of the joint venture might have on the Scottsdale bed tax. He did not see it in the notes and requested that the comment be included. Mr. Geiogamah said that the tape will reviewed the comments inserted where appropriate.

COMMISSIONER ASHMORE MOVED TO APPROVE THE MINUTES OF THE AUGUST 10, 2017 JOINT WORK STUDY SESSION MINUTES AS AMENDED. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

Vice Chair Dillenbeck made a correction on page 3 of 10, where she was quoted as making a statement about the investment bringing in more attendees and noting that Commissioner Hill actually made the statement.

COMMISSIONER MCKENZIE MOVED TO APPROVE THE MINUTES OF THE AUGUST 15, 2017 REGULAR SESSION MINUTES AS AMENDED. COMMISSIONER ASHMORE SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). CHAIR SCHOLEFIELD AND COMMISSIONER GRUPP ABSTAINED.

3. Desert EDGE Concept

Gary Meyer, Capital Project Management Senior Project Manager, provided a brief introduction. He stated that on January 11, 2016, City Council took the following actions:

- Initiated an amendment to the Municipal Use Master Site Plan at the Gateway location for Desert Discovery Center (DDC).
- As the result of an RFP process, Council awarded a City contract to the DDCCS to work on a business plan, financial feasibility, experience design, branding and funding.
- Directed City staff to hire a design team and through an RFP process, Swaback Partners was hired to lead the design team to include traffic impact analysis, drainage analysis, conceptual design, cost estimation and view corridor analysis.

Mr. Meyer introduced Executive Director of DDCS, Sam Campana. The project presentation was prefaced by the playing of a brief video. Ms. Campana introduced Bob Brais of ConsultEcon to provide the presentation. Mr. Brais said that developing Desert EDGE as a genuine experience is the basis for its attraction to residents and tourists. Desert EDGE will allow the City to complete its promise to deliver a desert experience for residents and visitors. The business plan has been prepared over several years in conjunction with architectural and site designs as well as visitor experience. This is a unified plan with sizing decisions, revenue sources and target markets and various other aspects all moved forward in sequence during the planning process.

Ms. Campana said that McDowell Sonoran Preserve management believes that the plan completes the Preserve vision for a nature interpretive center. It is an approved use from 2007 in the Municipal Use Master Site Plan. It represents one of the three Experience Scottsdale pillars and is a top priority for this Commission. DDC will be located at the McDowell Sonoran Preserve Gateway at the intersection of Thompson Peak Parkway and Bell Road, approximately one mile from Exit 14 on State Route 101. ASU has been a partner on the project for over two years with a signed MOU.

ASU has been very generous, including \$30,000 in cash through a National Science Foundation Grant the University had received in supporting the pilot education program. Marketing has already begun for Desert EDGE. The Global Institute of Sustainability has also been a partner. ASU President, Michael Crow, agreed that Global Drylands Center (GDC) will be incubated well in advance of Desert EDGE opening and will stand alone at the Global Institute of Sustainability. Over the last three months, the newly appointed executive director of the Global Drylands Center has hired staff and researchers. A symposium is planned for the spring that will open it to the citizens of Scottsdale. ASU will bring active faculty, student and scholar participants, who will provide content for exhibits, sponsored programs, expert resources as well as its scientist and residents program. DDC will complement this by providing public engagement via K-12 opportunities, open door field station labs, interactive research and field station space for research projects. ASU has an agreement with the McDowell Sonoran Conservancy and the McDowell Sonoran Field Institute, which will be integrated to complement all other aspects.

Desert EDGE consists of under 5.5 acres, nestled into the desert in an already disturbed corridor, equating to 0.17 percent of a 30,580 acre preserve. It is over 20 feet smaller than the previous site. There will be less than 50,000 square feet of conditioned space (47,586). Only those items critical to interpretive uses are included. Anything extraneous was moved offsite with permission of the City for a site to be determined nearby in the Bell Corridor. The capital budget includes 5,400 square feet moved away from the Preserve for administrative space, plus 250 overflow parking spaces. All of this is predicated upon a \$17.50 admission fee. The average admission cost will drop to approximately \$11 per person when considering minor children on field trips and other discounted admissions. The focus will be on desert education and research.

The business plan anticipates approximately 16,000 annual reach, inclusive of all ages. Work with conservation partners will maximize volunteers and educational impact. Only essential functions will take place on the Preserve. There will be no disruption to the current Gateway Trailhead users. Gateway traffic and parking impacts will be carefully managed. Noise, lighting and traffic levels will be lower than the levels allowed by City

regulations. Hours of operation are more conservative than what is allowable. Impacts to mountain views off Preserve will be minimized. New buildings are equal to or lower than the existing Gateway building. Freeway signage will direct visitors in order to minimize neighborhood impacts.

Total hard costs, including architecture is approximately \$50 million. With the addition of soft costs, including City staff pay, development fees, public art and contingency, the total capital cost is \$61,184,466. Ongoing operations total \$6.3 million annually. Operating revenues are estimated at \$4.6 million with nonoperating revenue approximately \$1.7 million. Desert EDGE will be open year-round with some flex in the daily hours. Scottsdale residents will receive free admission on their birthday. For educational programs, there will be no rental fee for symposiums, science presentations and environmental groups.

Special programs will be subject to a rental fee. Program restrictions include no admission after Preserve hours. Event programs are subject to offsite parking use in order to mitigate against vehicle lights at the location during evening hours. Programs must be complete by 9 p.m., with staff required to leave by 10 p.m. Programs must use the Desert EDGE preferred caterers, who will carry their own liquor license. Desert EDGE does not intend to hold a liquor license, except for the wine and beer available at the café. Program guests are always restricted to the Desert EDGE footprint with no access to the Preserve.

The Commons, the location of the café and restaurant are always open free to the public. Hikers and bikers can dine at the restaurant, make purchases at the gift shop and use the restroom facilities. The café will be operated by a vendor and will feature simple offerings of locally sourced food and beverage and a small selection of craft beer and wine. Food and beverages cannot be taken anywhere else in Desert EDGE. Store items must meet guest needs and complement the mission. There will be no smoking, overnight accommodations, hotel facility, jeep tours, pets or weddings.

Ms. Campana addressed a misunderstanding from the last meeting, where someone was under the impression that to accomplish the “no new taxes” funding approach, there would have to be an increase in the bed tax. Citizens actually voted to increase the bed tax several years ago. There have been no assertions from Tourism, Experience Scottsdale or DDCS that an increase in bed tax is necessary.

Chair Scholefield opened the meeting to public comments. He invited Jason Alexander to speak, noting that Mr. Alexander was the recipient of several time donations and was free to speak for 15 minutes.

Opposed to: Jason Alexander

Mr. Alexander commented that the business plan is fundamentally flawed. In addition, the presentation by consultant Bob Brais included almost no details in regards to finances. Tourism businesspersons generally support any attractions that bring visitors to Scottsdale. As such, most Scottsdale businesses will support DDC. However, the DDC is projected to cost approximately \$62 million in capital costs. Two weeks ago at the Preserve Commission meeting, City Treasurer Jeff Nichols stated that there is approximately \$25 million cash on hand at this time in the Preserve Fund. This leaves

over \$30 million to pay for this project. He questioned where this amount would come from as that total approximately equates to all available bed tax funds for the next three years. Ms. Campana has failed to provide specificity in terms of the source of funding.

The business plan is based on three flawed premises: Wildly optimistic attendance, wildly underestimated fundraising needs, and wildly overestimated amount of volunteer participation. The business plan states that the estimate of potential attendance at the DDC has been prepared through a gravity model analytic approach. That is, the propensity to visit the conservation and education destination is strongest among the people who reside the closest to the site. He cited the hostile nature of the meeting with DC Ranch residents the previous evening. A meeting at Windgate three weeks ago was equally hostile. A recent Survey Monkey survey found that nearly 400 of the 650 homes in Windgate do not support DDC. In fact, all surveys conducted show over 90 percent opposition to DDC. Over 8,000 signatures have been collected for a ballot initiative to bring this issue to a public vote.

DDC's business plan was written by the same Boston-based consulting firm that wrote the business plan for the Museum of the West. Although the idea is great, the Museum of the West has grossly underperformed in relation to its business plan. According to the Arizona Republic, Museum of the West was nearly \$1 million under on a nearly \$2.5 million budget. Only 21 percent of the revenue for Museum of the West came from paying customers. It required over 60 percent from funding and government subsidies. The same consultants are now pushing the same ten-year-old idea ten years later. The DDC will cost six times more than the Museum of the West to build and nearly three times as much to operate. This has the potential to become a \$3 million a year loss. Noticeably absent from the business plan are any detailed focus groups.

As a member of the demographic the DDC would be targeting, he and his family would likely visit DDC at some point (in a hypothetical situation where they would be out of town visitors). However, DDC's features would not keep them coming back. Their Yelp review would likely be 3.5 stars and would say, "Neat place. Pricey – 57 bucks. Next time we'll go right to the trails." As a resident of the City and with a free visit on his birthday, there is no chance he would pay to visit the DDC. Another deterrent is the prohibition against bringing dogs. Mr. Alexander's wife has a Ph.D. in economics and is director of pricing analytics for a large Valley headquartered corporation. Her summary of the pricing model is that it may be popular and politically expedient, but it will not be profitable.

In terms of the leadership team, the business plan was written by an out of town consultant. After the failure of Museum of the West, ConsultEcon has no business doing more business with the City of Scottsdale. With consideration of the rest of the leadership team, he questioned whether that leadership is worth \$62 million in investment. Mr. Alexander's organization, opposed to the project, has seen its followers on Facebook grow by 20 percent. Donations to the lawsuit fund have increased. Volunteers include lawyers, realtors and PR professionals. DDCS does not exist on social media, only posting one time since March. Instead, there is a community uprising opposing the project. The only people supporting the project online are anonymous blogs. In closing, Mr. Alexander requested the opportunity for a public vote.

In favor of: Craig Bell

Mr. Bell described himself as a resident of Scottsdale since 1964 and a business owner in Scottsdale for 43 years. He voiced support for DDC. When visiting similar locations during travel, the first place his family goes to is the visitor's center. The visitor's center provides an overview of information. Scottsdale has always had a focus on attracting tourism. The DDC has the potential to be a significant component of this tourism attraction, including a world class visitor's center, which would be especially helpful for those with limited mobility who cannot use the Preserve at large.

Opposed to: Howard Myers

Mr. Myers noted the crucial importance of tourism to the City in terms of financial health. While he was a member of the General Plan Task Force, financial experts counseled members against deviating from the City's successful formula of attracting tourists and high-end residents. While he is not opposed to the plan, he is opposed to the planned location. In addition, the project relies on community support and there is an absence of such support. The business plan relies on repeat local visitors, which is not likely to occur without local support. The only way to secure acceptance is to allow the public to have a say in what happens on the Preserve. As such, the project should be subject to a public vote. Forcing the development on the project will only hurt tourism's reputation in the City.

The Desert EDGE will sap Scottsdale's resources. The business plan is overly optimistic, including the projections on paid attendance, which is 1.5 times the number of people that visit the Gateway at this time. Financial losses will to be covered by the City. Bed taxes will have to be tapped, as Preserve funds cannot be used for operational losses. Desert EDGE will degrade the Preserve experience for everyone who goes through the Gateway. There is already overcrowding occurring, which leads to less attendance. The only independent study that looked at drawing new visitors said that it would not attract new tourists, would lose money and drain City resources.

Being in the Preserve limits what Desert EDGE could potentially become. Limitations include height, size, concessions and nighttime operations, which in turn limits attendance and income. A more ideal location is outside the Preserve, such as at the location of 80 acres of City-owned land at 94th and Bell, where views of the Preserve are unencumbered. It is also located near WestWorld, which would naturally attract more visitors. There would be no restrictions on concessions, limitations on activities, size or nighttime operations. The center can be owned and operated by anyone, which relieves the City of the financial burden. This suggested location is more accessible and draws traffic away from residential areas. All these factors improve the viability of the project. In summary, the request would be to move it outside the Preserve or put it to a public vote.

In favor of: Phil Pangrazio

Mr. Pangrazio said he is not from Scottsdale, but has lived in Arizona for over 35 years. He is the CEO of Ability 360, a private nonprofit center for independent living. It serves people with disabilities, providing a broad range of programs. Desert EDGE has the potential to open the doors to people with disabilities to experience the beauty of the

Arizona desert in ways not imagined before through accessible facilities, trails and exhibits. Ability 360 is ready to offer its knowledge and experience to the leadership and developers of the Desert EDGE project to assure not just comply with the Americans with Disabilities Act but to exceed ADA standards.

In favor of: Melinda Gulick

Ms. Gulick stated for nearly 14 years, she has been involved in the creation and development of the Desert Discovery Center, serving on nearly every committee as a Preservation representative both public and private since 2004. She is a former member of the Preserve Commission and the past chair of the McDowell Sonoran Conservancy. In 2012, she was recognized statewide for her advocacy in conservation on behalf of the McDowell Sonoran Preserve as the first ever Arizona Conservation Hero. She was the founding chair of the DDCCS. The team has sensitively responded to the concerns expressed by the community regarding traffic, noise, location and visual impact. The project is a 30-year vision of the City of Scottsdale. She asked that the pledge be fulfilled, which preservationists made to the tourism community over 20 years ago. She urged support for the project.

In favor of: Teddy Sifert

Mr. Sifert introduced himself as the business intelligence director at Fabio, an integrated strategic marketing agency in Scottsdale as well as a resident of Stonegate. He read an excerpt of an email from the Coalition of Greater Scottsdale: *"Below is link to an anonymous response survey. It's a short three question survey. The more responses we get, the more valid the survey results are. Please encourage your friends, relatives and other people you may know in Scottsdale to fill it out as well. Once you participate, it locks you out, so more than one participant from the same computer is not possible. Use your cell phone."*

Mr. Sifert referred to Mr. Alexander's earlier comments regarding invalid statistics. There is a pattern over the past year of a tyranny of the majority. Because those in opposition to the project are so adept at social media, they have drowned out the voices of those who are not as active. The original survey was meant for people of goodwill and was exploited by the opposition to Desert EDGE.

In favor of: Kristen Jaskie

Ms. Jaskie stated that she was born and raised in Scottsdale in a relatively underdeveloped area near the McDowell Mountains, spending her childhood playing in the desert. As a young teen, she learned that the McDowell Mountains were going to be developed and that the McDowell Sonoran Land Trust was trying to preserve the land. She held a doughnut sale at her school to donate toward the cause. A few weeks later, she was invited to join their board of directors. She spent her youth up until college serving on the Trust. From the beginning, there was an intention to both preserve the land as well as educate the public. Now that she has a child, she hopes that he and his friends learn to appreciate the desert as she did. In order to appreciate it, education is fundamental. She supports Desert EDGE for this reason.

In favor of: Linda Raish

Ms. Raish of ASU read a statement from Osvaldo Sala, Julie A. Wrigley Chair, Foundation Professor and Founding Director of the Global Dryland Center (GDC) at ASU. *"The goal of the GDC and Desert EDGE share the same commitment to education and sustainability of global drylands. We are going to achieve these goals of developing use inspired research and education at all levels from K-12 to Ph.D. students and I see a great synergism between Desert EDGE and the GDC. The GDC will attract eager young students and adults of all ages to appreciate the beauty of drylands. The GDC will teach these visitors about the intricacies of the functioning of dry lands. This knowledge will enhance the ability to see and appreciate dryland and commit to conservation. GDC can proceed alone, but the interaction with Desert EDGE will multiple the outcomes of our efforts enormously. I strongly support this development that will increase the value of the preserve for the citizens of Scottsdale and will ensure its long-term sustainability."*

Opposed to: Betty Janek

Ms. Janek, a resident of Windgate Ranch, said she initiated the survey referred to earlier. She challenged the City to conduct a valid survey of the registered voters. In the survey by DDCSI, all false positives or duplicates were eliminated based on email addresses. In their data, 94.3 percent of the people who responded were against DDC Desert EDGE. After eliminating the false positives the number was revised to 87.3 percent. The people that live around the location do not support it. Instead, they support a vote. The survey conducted by Protect our Preserve showed that 96 percent of the respondents believe that a vote should be taken.

She quoted a recent letter from Carla, one of the leading founders who established the Preserve: *"I had always supported the Desert Discovery Center as a way to repay the tourism community, who we would not have won Preserve campaigns without. Ironically, it turns out that the land we love, visitors from the world over love it too. They are coming in droves to our Preserve without a DDC. The debt has been paid. While I greatly respect and consider many of the other side as friends, their final project is still way too big and not special enough to justify digging up any of the precious little bajada we have in the Preserve boundary. Finally and most importantly, the Preserve brought out community together and it is now being used to tear us apart. Enough. Just end it."*

In favor of: Diana Yazzie Devine

Ms. Devine said that she lives in Mesa, Arizona and her family has lived in the Valley since 1955. She is the CEO of Native American Connections, a nonprofit organization. Most of the work she does come from the tourism realm, particularly educating the community on the rich heritage of the Native American community in Arizona. She also loves the outdoors and is an avid hiker. She supports Desert EDGE, noting the clarity of its partners. The Salt River Pima-Maricopa Indian Community has contributed to the initial planning work for the project and agreed to participate in future programming. This is notable, especially as they are the original inhabitants of the McDowell Mountain Preserve. She is a graduate of ASU and is familiar with their work in sustainability. Tourists around the world are interested in environmental experiences.

In favor of: Alex McLaren

Mr. McLaren, a 30-year Scottsdale resident, stated that the consultant team has developed an excellent project. Thinc Design has worked on the 9/11 Memorial, Freedom Park in South Africa and a project for MIT, Rivers of Ice. Swaback Partners designed the building based on what the experience would be with the exhibits. Swaback turned the Chaparral water treatment plant into beautiful architecture. They have completed a number of other impressive projects. Mr. Alexander has made demeaning comments regarding Swaback, saying they have gotten rich off this project. As a consultant, Swaback deserves to be paid for the work it performs. Calls to boycott the tourism industry serve to divide the community. He urged support for the project.

Chair Scholefield noted that written comments in support of the project were received from Dr. Dave Bolman and Mr. Andrew Chippindall.

Opposed to: Jackie Keogh

Ms. Keogh Introduced herself as a current resident of Mesa, born and raised in Phoenix, growing up in the far northwest Valley. She appreciates the beauty of the Valley and as a ride share driver, has the pleasure of enjoying this experience with others. She is also an avid hiker. She is concerned about the residential location for Desert EDGE and suggested an alternative location. Another concern is for tourists who wish to fully experience the desert. In addition, as an educational center, she questioned the reasoning behind the serving of alcohol to visitors who may hike after drinking. The majority of people seeking active outdoor hiking will visit Camelback or Piestewa. The concern is that Desert EDGE will be built, but will not be visited, as it is located much farther away in a residential area.

In favor of: Mike Miller

A 19-year resident of Scottsdale, Mr. Miller currently serves on several nonprofit boards as well as director and treasurer of the DDCS. He speaks today as a Scottsdale businessperson and as a resident. He ran the Scottsdale Insurance Company for 11 years. The brand of the company he ran and the brand of the city whose name they shared were linked. It was important for him to travel on business and talk about Scottsdale, the company, also linked to the city. The City's brand is important to every businessperson in Scottsdale. The Scottsdale brand is as a bold, progressive city, looking and thinking ahead. The Preserve is one example of this.

In favor of: Kevin Maxwell

Mr. Maxwell introduced himself as a small business technology consultant. He referenced the survey conducted approximately a year and a half ago. The City has now made its data sets available online and through information requests, and is very transparent. The survey in question talks about some invalid or questionable activities regarding the survey. Over the six week period, 1,496 residents responded. After the survey was conducted, over 55 percent of the email addresses were determined to be invalid. In addition, the word, "resident" was misspelled 71 times, which indicates a clear pattern of copying and pasting. Also abnormal is the fact that a majority of results came in between 3 and 4 a.m. on one particular day. Mr. Maxwell noted other anomalies,

stating that Mr. Alexander has done a great job of mobilizing a small group of people who are very vocal and active on social media. Mr. Maxwell opined that the findings indicate a pattern of manipulation with the survey. He also believes that the statement that most people do not want the project to move forward is a false narrative.

Chair Scholefield thanked DDCS for the presentation and thanked the speakers for their input. The Commission's mandate to represent the tourism industry is pretty clear. He opened the meeting to questions from commissioners.

Commissioner McKenzie asked Ms. Campana how the financing formula will be handled by the funds from the TDC as well as the Preserve. Ms. Campana stated that DDCS has been careful not to recommend exact amounts, as they first had to come to the Commission before informing the public regarding the funding. Ultimately, this is a City Council decision. The no new taxes strategy is one that they feel very comfortable recommending. Under any strategy, they must bring ten percent of the capital funds to the project (\$6 million).

A feasibility study was performed approximately 18 months ago, which determined that they would be able to meet this mark. The pro forma budget has already set aside funding for several years, which equates to \$12 million. It is hoped that the Commission would consider a second slice of the pie, at \$12 million. The remaining balance would then be approximately \$31 million. The City Attorney, Manager and Treasurer have all indicated that the Preserve tax dollars can in fact be used for the DDC. This is an approved project via a 2007 Municipal Use Master Site Plan. Everything else that was built was funded with Preserve tax dollars.

Commissioner McKenzie referenced the \$600,000 amount already committed and asked whether bonding would carry for a 20 year period. Ms. Campana confirmed this, stating that it is $\$600,000 \times 20 \text{ years}$ and equals the \$12 million commitment.

Commissioner Hill thanked Ms. Campana and said she could think of no better person to be leading this effort at this time. She asked for the reasoning behind the selection of 60 event evenings, noting that they would be used pretty quickly in terms of local needs and local meetings. Ms. Campana said DDCS was required to bring a sustainable project (as asked for by City Council), which would not require ongoing support into the future. The intent was to keep it affordable for the community and visitors. As such, they added earned revenue. In order to bring a balanced budget and enough revenue, they worked carefully with the business consult to select an average one a week event.

Commissioner Hill noted that marketing has already begun for DDC, where some previous venues did not start marketing until they had already opened. Ms. Campana discussed the pilot education program, stating that the day permission is given to move forward with a project, next steps are to immediately hire a science director and an educator to begin providing programs to the community before there is even a facility. The brand begins to be built via community engagement. There have been two nature film festivals, which have been virtually sold out, supported by dozens of donors and hundreds of attendees. DDC has participated in the Children's Learning Festival at WestWorld for two years with an event attendance over 10,000. DDC secured a large booth and presented a nature zone. Five conservation organizations (all expected to be part of Desert EDGE) brought animals for educational purposes. Hundreds of visitors

came to see the desert animals. In addition, work continues with ASU on the spring symposium. Twenty international researchers have been identified to come to Arizona for the symposium, which will be available to the community.

Commissioner Ashmore said this is not about the design, intent, experience, education or the credentials of the team assembled, as these are all present. It boils down to the business plan, finances, the revenue generation strategies, location and impact on the bed tax. He asked for assurance to the tourism community that this does not mean raising the taxes already in place for funding purposes. Ms. Campana stated her understanding that there was an increase and there is no consideration of an additional increase, and certainly not because Desert EDGE is coming forward. There is ample bandwidth to accommodate this and other projects.

Rachel Sacco, Experience Scottsdale, said that there would be no support for an increase in bed tax. Any increase would have to go to a vote before the citizens of Scottsdale, as happened in 2010. This is a self-sustaining marketing program. Ms. Campana added that this is a City project, not a nonprofit project. As contractors for the City of Scottsdale, Experience Scottsdale staff members are not allowed to be advocates, but merely to present the facts.

Commissioner Ashmore referred to the investment sought for the project and asked what portion of the \$600,000 annual commitment on the \$24 million investment “eats up,” what is available to provide towards other tourism projects on an annual basis. Mr. Geiogamah said that in looking at the pro forma, approximately \$4.1 million has been allocated for multiyear capital debt. An allocation of \$600,000 would reduce this, leaving approximately \$3.5 million which could be allocated toward other projects. In response to a question from Commissioner Ashmore, Mr. Geiogamah confirmed that over the next few years, approximately 12 to 14 percent would be the annual allocation towards the project based on current available capital projects funds.

Chair Scholefield reminded Commissioners that they have seen the project two to three times and had a joint meeting with the McDowell Sonoran Preserve Commission, where a number of the facts were clarified. He noted the Commission may consider making recommendations. He asked Mr. Geiogamah to clarify the options. Mr. Geiogamah said recommendations include:

- Provide a recommendation considering the Desert EDGE concept, the business plan and a possible allocation of Tourism development funds in support of the concept.
- Staff may be directed to continue to evaluate the concept and return with additional information for possible consideration.
- Take no further action or evaluation on the concept.

COMMISSIONER HILL MOVED TO RECOMMEND SUPPORT OF THE CONCEPT, BUSINESS PLAN AND ALLOCATION OF ADDITIONAL TOURISM DEVELOPMENT FUNDS FOR THE DESERT EDGE CONCEPT IN THE AMOUNT OF \$600,000. COMMISSIONER MCKENZIE SECONDED. THE MOTION CARRIED BY A VOTE OF SIX (6) TO ONE (1). COMMISSIONER ASHMORE DISSENTED.

4. Off Road Expo Event New Event Funding

Mr. Geiogamah summarized that the request is for \$75,000 in new event development funding. The 2017 Expo Event was recommended by the Commission and approved by City Council with all contractual requirements met. Mr. Matthew Louck stated that the event will be held April 21st and 22nd. The expo features a collection of off road companies, parts, equipment, gear and experts. A brief video was played. The program includes fully integrated marketing of \$159,000 value regionally and nationally. In addition, there are ad inclusions in national magazines including Field and Stream, Wakeboard Magazine and Boating, with a total value of \$227,297. There is a total cash outlay of \$107,740, with a total value of \$386,797. The event will showcase WestWorld as a premiere event location.

Chair Scholefield asked Mr. Geiogamah to review how last year's event went from the City's perspective. Mr. Geiogamah said that the allocation last year was \$75,000. All contract requirements were met. The event was moved from March to April at the Commission's request. The event's marketing investment has increased this year over last year.

Commissioner Grupp said he noted the City of Scottsdale logo on the materials and surmised that the call to action should be a reference to Experience Scottsdale, where visitors would go for information on food and lodging. He also requested additional crossover with sister publications. Chair Scholefield clarified that the Experience Scottsdale and City of Scottsdale logos are interchangeable in terms of recognition in contractual terms.

In response to a question from Commissioner Ashmore, Mr. Louck said that last year, there were 144 exhibitors. This number is anticipated to grow. The Pomona event is in its 18th year and attracts over 450 exhibitors.

Noting that the first event had over 15,000 attendees, Commissioner McKenzie asked about the attendance goal for 2018. Mr. Louck said the total is anticipated to be well over 16,000. Attendance for the Pomona event is over 50,000.

COMMISSIONER ASHMORE MOVED TO RECOMMEND EVENT FUNDING OF \$75,000 TOWARD THE 2018 OFF ROAD EXPO EVENT. COMMISSIONER MCKENZIE SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

5. Museum of the West

Karen Churchard requested that \$500,00 of the Tourism Development Fund go towards the Museum of the West Western Heritage Education Program. Mike Fox, CEO and Director of the Museum of the West provided the presentation. In response to an earlier comment regarding Museum of the West, he noted that the Museum has no debt. Acquisition of art and artifacts must be shown as an expense in the year for which it makes the commitment to acquire collections. The suggestion that the Museum is operating in the negative is inaccurate. The Museum has been responsible for the development of 18 exhibitions. It been recognized as a member of the Smithsonian

Partners Organization, being one of the youngest institutions to receive this honor. They were featured in a prominent national publication for two consecutive years as the best Western museum. USA Today has distinguished the Museum twice, with "You can't miss it," encouragement to its readership for best exhibitions. Trip Advisor has awarded the Museum with the Certificate of Excellence. The Museum has received international recognition from the Sun, a UK publication, which stated, "A must-see visit, featuring art, culture and history of 19 states of the American West."

The Museum has had a number of major milestones, including the recent opening of the Canvas of Clay: Hopi Pottery Masterworks Exhibition. The Museum's educational programs, exhibits, public programs, specialized media and symposiums have been expansive and well received. They have been the recipient of a number of major acquisitions.

Visitor responses have been very favorable with a 4.8 rating with Facebook, 4.6 with Google, and a 4.5 rating with Trip Advisor. The Museum is ranked 8 out of 166 things to do in Scottsdale with visitors from every state in the country and internationally. He referenced favorable comments from national and international visitors. Marketing has been creative, directed and aggressive, including \$100,000 in funding for marketing of the Hopi Pottery exhibit. Marketing includes hotel outreach and presence in publications. The Museum is a member of with the National Concierge Association and is hosting the October meeting at the Museum. Marketing targets Downtown and other hot spots including the Downtown Trolley, WestWorld, Phoenix Sky Harbor Airport and ArtWalk. The Museum is included in visitor guides, meeting planner guides, blogs, websites and social media. Publicity in media relations is extensive, including feature articles and electronic media coverage in numerous outlets.

In order to set the bar higher, the Museum must continue to invest private and public sector funding to develop exhibitions and other educational programming. As such, they request a \$500,000 grant to help with development of rotational exhibitions as well as expansion of participatory educational offerings.

Sandy Schenkat requested to speak and expressed support for the Hopi collection exhibition. The opening night was a great success with over 400 people in attendance. She acknowledged Jim and Sandy Bruner as tireless advocates for the Museum. She encouraged the Commission to support the funding request, as it supports the City's historic arts and culture theme.

Jim Bruner stated that he has been involved in the project in beginning as the founding chair 15 to 16 years ago and remaining the current chair. He is impressed with the number of visitors to the Museum from around the country and the world. In response to previous comments about the Museum's finances, he clarified that the Museum has never borrowed money and is not in debt. Over \$10 million in appraised artwork has been donated to the Museum thus far.

Commissioner Hill complimented the Pottery exhibit for its stunning quality. There are enough pots available to be able to change them out multiple times. This means that each time a visitor comes, they get to see a totally new exhibit. Ms. Churchard added that the Museum will be gifted with more pots over the next four years.

Vice Chair Dillenbeck said she would have liked to attend the exhibit opening, however she was unaware of the event. While she appreciates the many accolades for the Museum, she continues to see the Museum requesting additional support. The Commission has asked to see a business plan and a marketing plan and has yet to receive them. As such, she is not in favor of providing more funding until the Museum is able to demonstrate how it will become sustainable. Ms. Churchard said that the Museum has an annual plan, marketing plan and financial audits, which she would forward to Commission members. Chair Scholefield said this would be advisable, as this comment has been raised previously.

Commissioner Grupp agreed that fledgling enterprises need to be supported. He asked about the specific anticipated use for the \$500,000 request. Ms. Churchard said the Museum has done an exceptional job with its educational programs to date, which are listed in the annual plan. The Museum will not be able to continue this level of education without receipt of the funds. The Museum will revert to a focus on permanent items as opposed to changing exhibits, guest speakers and educational programming.

Commissioner Grupp asked whether it is anticipated that a similar request will be made again in the future. Ms. Churchard said the request is for a one-time commitment followed by going through the operating budget process and asking for funding for financial participation of the Museum. That money would be requested out of the General Fund.

Commissioner Hill inquired as to how much the Museum spent last year on its educational program. Ms. Churchard said that the total expenditure was approximately \$750,000, including staff and programming costs. Commissioner Hill opined that this is then potentially an annual requirement. Ms. Churchard concurred that this may be an annual expense. Discussions are ongoing with the City Manager's Office in regards to a potential financial participation agreement moving forward.

Brent Stockwell commented that this item was placed for discussion at this time, because discussions with the Museum revealed that without funding, programs would be cut. The reason it is a one-time ask is because it is the intent of the City to continue work with the Museum to get them financially stable through additional fundraising. The original plan was that it would require approximately five years to reach that point. It is anticipated it will take at least one more year. The plan is to include this as part of the budget process.

Chair Scholefield commented that the Museum is an amazing venue and a wonderful addition to Downtown. He appreciates the recommendation to City Council and TDC for past contributions. As with Vice Chair Dillenbeck, he was not invited to the exhibit opening. He referenced the email from Ms. Churchard, which stated, "Future requests will be considered as part of the budget process," and asked whether this is what she was referencing with her comments. Ms. Churchard affirmed this, reiterating that the intent would be to put in an operating budget package for FY 18/19 as part of the financial participation agreement.

Chair Scholefield referenced a newspaper article by Joshua Bowling which discussed the City's five-year commitment and predated the Museum's opening to give the nonprofit \$400,000 per year for operations. The article stated that this is the final year of

funding and that Mr. Fox would ask the City in early '18 to renew its commitment. He asked whether this reflects a potential renewal on top of the \$500,000 request. Mr. Stockwell clarified that the last of the five years is complete. The \$500,000 request is for this year's commitment. Any future year commitments would go through the budget process. He apologized that Commissioners did not receive invitations to the exhibit opening. It was not the Museum's oversight. The invitations were provided to staff, who was tasked with their distribution. Chair Scholefield said perhaps the more important question is whether all the other hospitality leaders, general managers of hotels and others critical to the ongoing success of the Museum received invitations.

Chair Scholefield reviewed options for a motion, including:

- Recommend \$500,000 from the Tourism Development Fund or a portion of such to fulfil the request
- Ask for additional research from staff
- Deny the request

He added that there will be a presentation on the Museum's marketing plan during an upcoming Commission meeting.

Commissioner Grupp commented that he does not know where the money is going. He inquired as to the possibility of revisiting this issue next month with more clarity on how the \$500,000 will be spent. Mr. Stockwell said the preference would be to get a recommendation from the TDC at this time.

COMMISSIONER HILL MOVED TO RECOMMEND THE ALLOCATION OF \$500,000 TO THE MUSEUM OF THE WEST. MOTION FAILED FOR LACK OF A SECOND.

COMMISSIONER HILL MOVED TO RECOMMEND THE ALLOCATION OF \$300,000 TO THE MUSEUM OF THE WEST. MOTION FAILED FOR LACK OF A SECOND.

VICE CHAIR DILLENBECK MOVED TO DENY THE \$500,000 REQUEST TO THE MUSEUM OF THE WEST. MOTION FAILED FOR LACK OF A SECOND.

COMMISSIONER ASHMORE MOVED TO HAVE THE MUSEUM RETURN AND GIVE A PRESENTATION ON USE OF THE \$500,000 FUNDING IN ORDER TO BETTER EVALUATE DECISIONS REGARDING THE EDUCATIONAL PROGRAM. COMMISSIONER MCKENZIE SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

6. WestWorld Project

Brian Dygert, WestWorld General Manager, stated that WestWorld is a City department, operating through the General Fund. WestWorld produced over 119 events last year with over 800,00 visitors. Over half of this attendance is produced through two major national and international events, the Barrett-Jackson Collector Car Auction and the Scottsdale Arabian Horse Show. The request is for one-time expenditures of Tourism Development Funds for three time sensitive capital projects, including:

- Pave G Lot
 - Purpose: Reduce impact of dust and mud on Barrett-Jackson auction cars
 - Cost: \$530,000
 - Includes purchase of rubber matting (\$80,000)
 - Includes curb removal near tent
 - Requires \$12,000 annual operating related to matting
 - Funding sources: \$200,000 Barrett-Jackson contribution, \$330,000 tourism funds; operating from General Fund
- Relocate 800-amp electrical services in H Lot
 - Purpose: Current location conflicts with footprint of Barrett-Jackson tents
 - Cost: \$160,000
 - Funding source: Tourism funds
- Purchase electric & water equipment for RVs
 - Purpose: Adds flexible, relocatable capability to support 126 additional RVs
 - Cost: \$377,000
 - Funding source: Tourism funds

The total amount for all three requests is \$867,000.

Mr. Craig Jackson, Chairman and CEO of Barrett-Jackson, requested to speak. He stated that the City will eventually be taking the City tent down. Barrett-Jackson's biggest tent supplier went bankrupt and sold of many of its rented tents. This is why Barrett-Jackson rushed to purchase a replacement tent. This is why the electrical services need to be relocated. The biggest complaint from car owners is that the parking location is unacceptable, as their vehicles become soiled with dust and/or mud. Barrett-Jackson endeavors to be proactive, working in partnership with the City on a multiyear plan.

Jason Rose spoke on behalf of Barrett-Jackson. He cited a joint economic impact study conducted last year, which indicated \$167 million dollar annual economic impact from Barrett-Jackson events. This includes television as well as the number of consigners selling vehicles at Barrett-Jackson events, which has grown significantly. As a result of this success, many copycats have come into the market. Barrett-Jackson is the only such auction scheduled to be in the City of Scottsdale. However, there is competition with other auctions that offer weatherproof environments, such as the Biltmore and Kierland. Lot G holds 25 percent of the cars that are staged at Barrett-Jackson.

Commissioner Grupp asked about other events that benefit from paving Lot G. Mr. Dygert said there are likely ten commercial events that are currently using the space from a production standpoint, including approximately 15,000 to 20,000 RVs using the space per year. Commissioner Grupp asked whether paving the lot would generate more event bookings. Mr. Dygert said that paving Lot G is not the hurdle in terms of attracting new events and is more about the additional RV inventory.

Commissioner McKenzie sought clarification on whether all three requests must be voted on at this time. Mr. Geiogamah summarized that the total request is for \$867,000, however the Commission may choose to address different components related to bed tax support. Mr. Stockwell said it would be helpful to consider requests one and two as

being together, as they are critical for the 2018 events. The third item will make the venue more competitive for future events.

Chair Scholefield recalled that in January of last year at the WestWorld Subcommittee, there was a suggestion that the paving for Lot G would total \$282,000, with \$65,000 discussed in terms of the South Hall. This totals \$357,000. This request is for \$530,000 gross. He asked for clarification on the variance. Dan Worth, Public Works Director, stated that at that meeting, the actual estimate for the project was \$750,000 to pave G lot. Staff estimated actual construction contract costs of approximately \$550,000 with contingency, design costs and various other items in addition. At the Subcommittee meeting, Mr. Jackson made the statement that he had a contractor who could complete the work for \$280,000. Subsequent discussions with Mr. Jackson resulted in an alternative plan, where he would contract for the work and the City would accept it, much as the City accepts dedicated infrastructure from developers. A couple of months ago, Barrett-Jackson's organization approached staff with a modified proposal to spend \$200,000 and have the City cover the remainder. At that point, it ceased to be a dedicated infrastructure project and became a City project. As a City project, it requires a bid process in order to comply with State statute. When bid, there must be more detailed design and specifications, which requires more spending on design for the project. Other costs include project management, inspection, oversight and testing. There are also items required of the contractor that were not included in the proposal Mr. Jackson received from his contractor. The project has already been advertised with a bid opening in two days.

Chair Scholefield asked about the parameters of the contingency fund. Mr. Worth said that he was hesitant to say it would cover any cost overruns. A ten percent contingency has been budgeted.

Chair Scholefield said that when first advised of the need for more RV stands, a couple years ago, the amount quoted was \$75,000 to purchase additional RV stands. The number being requested is \$377,000. He asked for clarification. Mr. Dygert said that there is likely a disconnect in what the \$75,000 figure refers to. There are 93 temporary units in G Lot at this time at a total cost of \$312,000 for all the materials. Chair Scholefield noted that a last check, the venue was the best deal on the market in terms of RV hookup prices. He asked whether the intent is to raise prices in order to help with cost recovery. Mr. Dygert confirmed this understanding. Chair Scholefield invited a motion from the Commission.

COMMISSIONER ASHMORE MOVED TO RECOMMEND FUNDING FROM TOURISM DEVELOPMENT FUNDS IN THE AMOUNT OF \$330,000 TO PAVE PARKING LOT G AND \$160,000 TO RELOCATE ELECTRICAL SERVICES IN LOT H AT WESTWORLD. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

Commissioner Ashmore provided additional insight on his motion and leaving out the purchase of electric and water equipment for RVs. Commissioner Ashmore stated the requested amount seem excessive based on event information provided. There was consensus to include additional information to justify the request at an upcoming agenda item.

In response to a question from Commissioner McKenzie, Mr. Dygert said that the completion of projects one and two would not affect the completion of work for item three.

Mr. Stockwell noted that in order to get projects one and two completed in time for Barrett-Jackson's 2018 event, it must be presented to Council on the 10th. Staff will notate in the item that the Commission did not recommend Item Number 3 and wanted to consider it at a later date.

7. EVENT FUNDING PROGRAM RECOMMENDATIONS

- a. Greater Phoenix Jewish Film Festival
- b. Asian Festival
- c. Triple Crown – Baseball Tournaments
- d. Barrett-Jackson Collector Car Auction

Mr. Geiogamah said the events consist of one matching event advertising fund program, two community events and one venue fee. The matching event is the Barrett-Jackson car event with a recommended amount of \$30,000. The Asian Festival (\$15,000) and Greater Phoenix Jewish Festival (\$17,500) are two community events. The venue fee is Triple Crown (\$5,000). All events have been reviewed by the Event Working Group.

COMMISSIONER HILL MOVED TO SUPPORT THE EVENTS AS PRESENTED. VICE CHAIR DILLENBECK SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

8. Staff Reports

Staff presentation and Commission discussion of the following:

- a. Staff Bed-Tax Collection Report
- b. Staff Bed Tax Hotel Classification Report
- c. Bed Tax Proforma
- d. Smith Travel Report
- e. Program Updates

Program updates was not specifically addressed.

9. Public Comment

Howard Myers introduced himself as a Scottsdale resident. He commented on the people being targeted for tourism. When he visits the Experience Scottsdale site, the impression is that the target is a very young audience. He suggested that the more effective target group are those with money and the ability to travel to Scottsdale. The site did not prominently feature the Preserve, which should be highlighted as one of the main attractions. He suggested the development of additional western experiences as differentiators between Scottsdale and other destinations. Chair Scholefield suggested that Mr. Geiogamah make the Longwoods research available to Mr. Myers to explain why the City has taken certain approaches.

10. Identification of Future Agenda Items

Chair Scholefield summarized that Museum of the West and WestWorld have has been asked to return with additional information.

Mr. Geiogamah stated that a few large community event funding requests will be coming forward next month. In addition, Commissioner Hill has requested an update on Transportation and this will be considered at a future date.

Chair Scholefield said that the Five-Year Strategic Plan Update is also the radar for an upcoming agenda.

11. Adjournment

The meeting adjourned at 11:20 a.m.

SUBMITTED BY:

eScribers, LLC